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05 February 2019

The Board of Directors
Suven Life Sciences Limited
 SDE Serene Chambers,
 6th Floor Avenue, 7 Road No. 5,
 Banjara Hills, Hyderabad - 500034

Sub: Fairness opinion on the share entitlement ratio for the shareholders of Suven Life Sciences Limited pursuant to the proposed demerger of its Contract Research and Manufacturing Services Undertaking into Suven Pharmaceuticals Limited

Dear Sir/Madam,

We refer to the engagement letter dated 5 November 2018 with Ernst & Young Merchant Banking Services Private Limited (hereinafter referred to as "we" or "EYMBSP" or "us") wherein Suven Life Sciences Limited (hereinafter referred to as "you" or "Client" or the "Company" or "Suven" or "SLSL") has requested us to provide a fairness opinion on the share entitlement ratio as at 30 September 2018 ("Valuation Date") recommended by a Chartered Accountant –M/s Karvy and Company ("Valuer") for allotment of shares of the new company - Suven Pharmaceuticals Limited ("SPL") to the shareholders of SLSL, with respect to the proposed demerger of Contract Research and Manufacturing Services Undertaking ("CRAMS Undertaking") of the Company.





SCOPE AND PURPOSE OF THIS REPORT

We understand that the Company is contemplating to demerge the CRAMS Undertaking into SPL ("Proposed Transaction") at the share entitlement ratio as recommended by the Valuer.

The restructuring will be performed in the following steps as per the draft Scheme of Arrangement ("Scheme"):

- 1) Currently, SPL is owned by 8 shareholders and the shares from these shareholders will be acquired by SLSL prior to the Proposed Transaction;
- 2) SLSL will demerge the CRAMS Undertaking into SPL and upon the Scheme becoming effective, the existing equity shares of 1,00,000 of INR 1/- each of SPL held by SLSL shall stand cancelled without any payment.
- 3) As a part of the Scheme, the authorized share capital of SLSL to the extent of 20,00,00,000 equity shares of INR 1/- each will be transferred to and vested as the authorized share capital of SPL.

The Scheme provides that upon the demerger being effective, shareholders of SLSL, for every 1 equity share of INR 1/- each fully paid, will receive 1 equity share of INR 1/- each fully paid up of SPL, in addition to and not in lieu of the equity shares held by them in SLSL ("Share Entitlement Ratio").

In this connection, the Management of the Company ("Management") has engaged EYMBSPL to submit a fairness opinion report on the share entitlement ratio for the shareholders of SLSL, with respect to the Proposed Transaction.

Our scope of work includes commenting only on the fairness of the share entitlement ratio with respect to the Proposed Transaction for the consideration of the Board of Directors of the Company.

This report is our deliverable in respect of the above engagement.

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This report has been issued only for the purpose of facilitating the Proposed Transaction and should not be used for any other purpose.





SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Management:

- Draft report from the Valuer titled "Share Entitlement Ratio Report for proposed demerger of "Contract Research and Manufacturing Services Undertaking" of Suven Life Sciences Limited into Suven Pharmaceuticals Limited" and final aforesaid report from the Valuer dated 05 February 2019.
- Draft Scheme of Arrangement for the Demerger of CRAMS Undertaking into SPL.
- Provisional split balance sheet of SLSL into CRAMS Undertaking and residual company as at 31 March 2018 and 30 September 2018.
- Provisional balance sheet of SPL as at 31 December 2018.
- Background information provided through emails or during discussions.

We have also obtained further explanations and information considered reasonably necessary for our exercise, from the Management.

STATEMENT OF LIMITING CONDITIONS

Provision of fairness opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

Fairness opinion analysis and result are specific to the purpose of fairness opinion and are based on the latest available balance sheet as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

The opinion(s) rendered in this report only represent the opinion(s) of EYMBSPS based upon information furnished by the Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

We were entitled to rely upon the information provided by the Management without detailed inquiry. Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. We have assumed that the information provided to us presents a fair image of CRAMS Undertaking at the Valuation Date. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished by the Management and believed to be reliable.





Our report is not nor should it be construed as our recommending the transfer or opining or certifying the compliance of the Proposed Transaction with the provisions of any law including companies,

taxation and capital market related laws or as regards any legal implications or issues arising from such Proposed Transaction.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the Board of Directors of the Company and nobody else.

We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties without our prior written consent, other than making the report available for inspection in physical or in an electronic form from the day of posting of notice till day of meeting/declaration of results in case of postal ballot, as per the provisions of the Companies Act, 2013 (including the rules made thereunder), secretarial standards and other applicable legal requirements for seeking shareholders' approval for the Proposed Transaction. In addition, we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the transfer.

This report is subject to the laws of India.





BACKGROUND OF SUVEN LIFE SCIENCES LIMITED, SUVEN PHARMACEUTICALS LIMITED AND CONTRACT RESEARCH MANUFACTURING SERVICES UNDERTAKING

Suven Life Sciences Limited

Suven is a bio-pharmaceutical company which manufactures and sells bulk drugs and intermediaries worldwide. It operates through three business segments - Manufacturing, Services, and Research and Development. It manufactures bulk drugs and intermediates under contract manufacturing services. It also provides a range of drug discovery and development support services to pharma and biotech companies. For the year ended 31 March 2018, Suven reported total consolidated operating revenue of INR 6,252.6 million and profit after tax of INR 1,236.9 million.

As a part of the Scheme and before the issue of shares pursuant to the demerger, the share capital of SLSL will be as under:

Share Capital	Amount (In INR)
Authorized Share Capital	
20,00,00,000 equity shares of INR 1/- each	20,00,00,000
Total	20,00,00,000
Issued, subscribed and paid-up Share Capital	
12,72,82,478 Equity shares of INR 1 /- each	12,72,82,478
Total	12,72,82,478

Contract Research and Manufacturing Services

CRAMS Undertaking is engaged in development and manufacturing of New Chemical Entity based Intermediates, Active Pharmaceutical Ingredients, Specialty Chemicals and formulated drugs under contract research and manufacturing services for global pharmaceutical, biotechnology and chemical companies.





Building a better
working world



Suven Pharmaceuticals Limited

SPL is a public limited company incorporated on 06 November 2018 under the Companies Act, 2013 in the State of Telangana.

As a part of the Scheme and before the issue of shares pursuant to the demerger, the share capital of SPL will be as under:

Share Capital	Amount (In INR)
Authorized Share Capital	20,10,00,000
20,10,00,000 equity shares of INR 1/- each	
Total	20,10,00,000
Issued, subscribed and paid-up Share Capital	
1,00,000 equity shares of INR 1/- each	1,00,000
Other equity	(71,316)
Total	28,684
Cash and cash equivalents	28,684
Total	28,684





APPROACH - BASIS OF DETERMINATION OF THE SHARE ENTITLEMENT RATIO FOR THE PROPOSED TRANSACTION

The Valuer has recommended to issue a ratio of 1 (One) equity share of INR 1/- each fully paid up of SPL for every 1 (One) existing equity share of SLSL of INR 1/- each fully paid up in consideration for the demerger of CRAMS Undertaking.

OUR COMMENT ON THE VALUER'S REPORT

Based on our independent calculation and on consideration of all the relevant factors and circumstances, we believe that the share entitlement ratio as recommended by the Valuer in our opinion is fair to the equity shareholders of SLSL.

It should be noted that we have examined only the fairness of the share entitlement ratio for the Proposed Transaction and have not examined any other matter including economic rationale of the transfer per se or accounting and tax matters involved in the Proposed Transaction.

Yours faithfully,

Parag Mehta
Principal

